

REGULATION OF MEMBERS OF BOARD OF GOVERNORS
NUMBER 20/9/PADG/2018
ON
STANDING FACILITIES

BY THE BLESSINGS OF GOD THE ALMIGHTY

MEMBER OF BOARD OF GOVERNORS OF BANK INDONESIA,

- Considering :
- a. that to accomplish the objectives of Bank Indonesia, namely to achieve and maintain rupiah stability, Bank Indonesia establishes and implements monetary policy;
 - b. that to implement the monetary policy set forth in letter a, Bank Indonesia exercises monetary control, among others through monetary operation in a conventional manner and in adherence to sharia principle;
 - c. that the monetary operation set forth in letter b is implemented through an open market operation and standing facilities;
 - d. that in implementing the monetary operation through standing facilities set forth in letter c, Bank Indonesia needs to regulate mechanism of standing facilities implementation in a conventional manner and in adherence to sharia principle;
 - e. that based on the foregoing considerations set forth in letter a until letter d, it is necessary to establish Regulation of Bank Indonesia on Standing Facilities;

Observing : Regulation of Bank Indonesia Number 20/5/PBI/2018 on Monetary Operation (State Gazette of the Republic of Indonesia of 2018 Number 60, Supplement to State Gazette of the Republic of Indonesia Number 6189);

HAS DECIDED:

To issue : REGULATION OF MEMBERS OF BOARD OF GOVERNORS ON STANDING FACILITIES.

CHAPTER I GENERAL PROVISIONS

Article 1

In this Regulation of Members of the Board of Governors:

1. Bank means a commercial bank, sharia commercial bank, and sharia business unit.
2. Commercial Bank means a commercial bank carrying out its business activities in a conventional manner as set forth in a Law on banks.
3. Sharia Commercial Bank, hereinafter referred to as SCB, means a commercial bank carrying out its business activities in adherence to sharia principle as set forth in a Law on sharia banks.
4. Sharia Business Unit, hereinafter referred to as SBU, means a sharia business unit as set forth in a Law on sharia banks.
5. Monetary Operation means monetary policy implementation by Bank Indonesia to exercise monetary control in a conventional manner and in adherence to sharia principle.
6. Standing Facilities mean rupiah lending facility from Bank Indonesia to Banks and rupiah deposit facility by Banks in Bank Indonesia for Monetary Operation in a conventional manner and in adherence to sharia principle.

7. Participant of Standing Facilities means Conventional Standing Facilities Participant and Sharia Standing Facilities Participant.
8. Conventional Standing Facilities participant means any commercial bank, which has obtained permit from Bank Indonesia as a conventional Monetary Operation participant as specified in the provisions of Bank Indonesia for monetary operation participation.
9. Sharia Standing Facilities participant means any SCB and/or SBU, which has obtained permit from Bank Indonesia as a Monetary Operation participant in adherence to sharia principle as specified in the provisions of Bank Indonesia for monetary operation participation.
10. Lending Facility means provision of rupiah fund from Bank Indonesia to a Conventional Standing Facilities Participant for Monetary Operation conducted in a conventional manner.
11. Financing Facility means provision of rupiah fund from Bank Indonesia to a Sharia Standing Facilities Participant for Monetary Operation conducted in adherence to sharia principle.
12. Deposit Facility means deposit of rupiah fund by a Participant of Standing Facilities in Bank Indonesia for Monetary Operation conducted in a conventional manner or in adherence to sharia principle.
13. Bank Indonesia Certificate, hereinafter referred to as SBI, means securities in rupiah currency issued by Bank Indonesia as acknowledgment of short term indebtedness.
14. Sharia Bank Indonesia Certificate, hereinafter referred to as SBIS, means securities under sharia principle in rupiah currency issued by Bank Indonesia with a short term.
15. Bank Indonesia Deposit Certificate, hereinafter referred to as SDBI, means securities in rupiah currency issued by Bank Indonesia as acknowledgment of short term

indebtedness, which may only be traded between commercial banks.

16. Sovereign Securities, hereinafter referred to as SBN, mean sovereign debt securities and sovereign sharia securities.
17. Sovereign Debt Securities, hereinafter referred to as SUN, means sovereign debt securities as set forth in the Law on sovereign debt securities.
18. Sovereign Sharia Securities, hereinafter referred to as SBSN, means sovereign sharia securities as set forth in the Law on sovereign sharia securities.
19. Bank Indonesia-Real Time Gross Settlement System, hereinafter referred to as BI-RTGS, means BI-RTGS as specified in the provisions of Bank Indonesia for transaction implementation, securities administration, and outright fund settlement.
20. Bank Indonesia-Scripless Securities Settlement System, hereinafter referred to as BI-SSSS, means BI-SSSS as specified in the provisions of Bank Indonesia for transaction implementation, securities administration, and outright fund settlement.
21. Bank Indonesia-Electronic Trading Platform System, hereinafter referred to as BI-ETP System, means BI-ETP System as specified in the provisions of Bank Indonesia for transaction implementation, securities administration, and outright fund settlement.
22. SBIS Repurchase Agreement Transaction, hereinafter referred to as SBIS Repo, means any lending transaction by Bank Indonesia to Participants of Sharia Standing Facilities with SBIS collateral.
23. SBIS Repo Fee means payment obligation (*gharamah*) determined by Bank Indonesia for SBIS Repo which occurs when a Sharia Standing Facilities Participant Syariah fails to meet the SBIS purchase agreement term.
24. SBIS collateralization agreement for SBIS Repo, hereinafter referred to as the Agreement, means a written agreement between Bank Indonesia and Sharia Standing

Facilities Participant specifying the rights and obligations of each party in SBIS collateralization.

25. SBSN Repurchase Agreement Transaction for sharia Standing Facilities, hereinafter referred to as SBSN Repo, means SBSN sale transaction by a Sharia Standing Facilities Participant to Bank Indonesia with repurchase covenant by a Sharia Standing Facilities Participant at a price and within the term agreed for sharia Standing Facilities.
26. SBSN Repo margin means profit level in one year agreed by the parties making SBSN Repo transaction.
27. Checking Account means the Bank's checking account with Bank Indonesia in rupiah and/or foreign currency.
28. Securities Account means the Bank's securities account in BI-SSSS in rupiah and/or foreign currency administered in Bank Indonesia for ownership record and settlement of securities transactions, transactions with Bank Indonesia, and/or financial market transactions.
29. Fund Settlement means debiting and crediting of Giro Account in Bank Indonesia through BI-RTGS System for administration.
30. Securities Settlement means debiting and crediting of Securities Account for administration.
31. Delivery Versus Payment, hereinafter referred to as DVP, means mechanism of transaction settlements through Securities Settlements and Fund Settlements at the same time.
32. Business Day means the business days of Bank Indonesia, including the limited operational business days of Bank Indonesia.

CHAPTER II

GENERAL PRINCIPLE OF STANDING FACILITIES

Article 2

Standing Facilities are an instrument used by Bank Indonesia for liquidity injection and liquidity absorption of rupiah in the

money market and serve as the highest and lowest reference for interest rate movement in the money market between commercial banks with a term of 1 (one) Business Day (overnight).

Article 3

Standing Facilities consist of:

- a. Lending Facility or Financing Facility; and
- b. Deposit Facility.

Article 4

Standing Facilities have the following characteristics:

- a. provided by Bank Indonesia on Business Days;
- b. conducted through non-tender mechanism;
- c. transaction is made through BI-ETP System;
- d. period:
 - 1. for Lending Facility and Financing Facility is 1 (one) Business Day (overnight);
 - 2. for Deposit Facility:
 - a) conducted in a conventional manner is 1 (one) Business Day (overnight);
 - b) conducted in adherence to sharia principle no later than 14 (fourteen) calendar days counted from 1 (one) day after a settlement date until the due date;
- e. number of days in calculation:
 - 1. repo rate in Lending Facility;
 - 2. SBIS Repo Fee or SBSN Repo Margin in Financing Facility; and
 - 3. discount or reward rate in Deposit Facility, calculated based on calendar days.
- f. administered in Securities Account in BI-SSSS.

CHAPTER III

LENDING FACILITY AND FINANCING FACILITY TRANSACTIONS

Part One
Lending Facility Transaction

Article 5

- (1) Lending Facility Transaction is made through securities repurchase agreement (repo) mechanism by a Conventional Standing Facilities Participant to Bank Indonesia with mandatory repurchase by the Participant at the agreed price and within the agreed term.
- (2) Lending Facility Transaction through securities repo mechanism set forth in paragraph (1) is made in the principle of sell and buyback.
- (3) If the repurchased securities in Lending Facility transaction set forth in paragraph (1) are in the form of SBN with coupon or reward, then the right to receive the coupon or reward will be reserved by a Conventional Standing Facilities Participant.

Article 6

- (1) Securities which may be repurchased in Lending Facility Transaction set forth in Article 5 paragraph (1) are as follows:
 - a. SBI;
 - b. SDBI; and
 - c. SBN.
- (2) Repurchased securities in Lending Facility transactions set forth in paragraph (1) have the maximum nominal value of securities owned by a Conventional Standing Facilities Participant recorded in a Securities Account.
- (3) Criteria and requirements, price, and haircut of SBI, SDBI, and SBN which may be used in Lending Facility transactions are as specified in the Regulation of Members of Board of Governors on criteria and requirements of securities in monetary operation.

Article 7

- (1) Bank Indonesia will impose repo rate on a Lending Facility transactions in an amount equal to the Lending Facility rate determined by Bank Indonesia.
- (2) Repo rate is calculated by using simple interest method.

Part Two

Financing Facility Transaction

Section 1

Transaction Mechanism and Securities Used in Financing Facility

Article 8

A Financing Facility transaction is made through mechanism of securities repo as follows:

- a. SBIS conducted in collateralized borrowing principle; or
- b. SBSN conducted in sell and buyback principle.

Article 9

- (1) Repurchased securities in Financing Facility transactions set forth in Article 8 have the maximum nominal value of securities owned by a Sharia Standing Facilities Participant recorded in a Securities Account.
- (2) If the repurchased securities in Financing Facility transaction set forth in Article 8 letter b have coupon or reward, then the right to receive the coupon or reward will be reserved by a Sharia Standing Facilities Participant.
- (3) Criteria and requirements, price, and haircut of SBIS and SBSN which may be used in Financing Facility transactions are as specified in the Regulation of Members of Board of Governors on criteria and requirements of securities in monetary operation.

Article 10

Bank Indonesia determines the rate of SBIS repo fee and SBSN repo margin for Financing Facility transactions by referring to Lending Facility rate.

Section 2

Covenant in Financing Facility Transactions

Article 11

SBIS repo uses *qard* covenant followed by *rahn*.

Article 12

- (1) SBSN repo uses *al ba'i* covenant or purchase and sale accompanied with covenant (*al wa'd*) by a Sharia Standing Facilities Participant to Bank Indonesia to repurchase SBSN within the agreed term and at the agreed price.
- (2) Covenant (*al wa'd*) of a Sharia Standing Facilities Participant to Bank Indonesia to repurchase SBSN as set forth in paragraph (1) is specified in a separate document.

Section 3

Financing Facility Document

Article 13

- (1) A Sharia Standing Facilities Participant will submit SBIS Repo after signing an Agreement with Bank Indonesia.
- (2) A Sharia Standing Facilities Participant will submit a SBSN Repo after signing a covenant (*wa'd*) to repurchase securities in SBSN Repo transaction with Bank Indonesia.

Article 14

- (1) The Agreement signing set forth in Article 13 paragraph (1) and/or covenant (*wa'd*) document set forth in Article 13 paragraph (2) is specified as follows:
 - a. A Sharia Standing Facilities Participant whose headquarter is located in Indonesia:

1. the Agreement and/or covenant (*wa'd*) is signed by the authorized member of the board of directors; or
 2. if it is not signed by the authorized member of the board of directors, a power of attorney is mandatory from the authorized member of the board of directors to the signer of the Agreement and/or covenant (*wa'd*);
- b. A Sharia Standing Facilities Participant whose headquarter is located overseas:
1. the Agreement and/or covenant (*wa'd*) is signed by the chief executive officer (CEO); or
 2. if it is not signed by the CEO, a power of attorney is mandatory from the CEO to the signer of the Agreement and/or covenant (*wa'd*); and
- c. for a Sharia Standing Facilities Participant in the form of SBU, the Agreement and/or covenant (*wa'd*) is signed by the SBU official authorized by the member of the board of directors of a commercial bank.
- (2) The Agreement and/or covenant (*wa'd*) set forth in paragraph (1) is duly duty stamped and attached with supporting documents as required by Bank Indonesia.
- (3) Example of the Agreement and/or covenant (*wa'd*) set forth in paragraph (1) is specified in Appendix I and Appendix II, which constitute an inseparable part of this Regulation of Members of Board of Governors.

Article 15

- (1) A Sharia Standing Facilities Participant headquartered in Indonesia must submit the following supporting documents set forth in Article 14 paragraph (2):
- a. a copy of the articles of association of a Sharia Standing Facilities Participant or its legalized last amendment containing the authority of the board of directors to represent it as well as its latest organizational structure; and

- b. a copy of valid identity card in the form of Resident's Identity Card (KTP) or passport of the authorized member of the board of directors or official authorized to sign the Agreement and/or covenant (*wa'd*).
- (2) If a Sharia Standing Facilities Participant is a regional company, the articles of association set forth in paragraph (1) letter a shall be in the form of regional regulation and equipped with a document containing the authority of the board of directors to represent it and its latest organizational structure.
- (3) Sharia Standing Facilities Participant headquartered overseas must submit the following documents:
 - a. a copy of power of attorney from its headquarter containing the authority of the CEO to represent it if the Agreement and/or covenant (*wa'd*) is signed by the CEO; or
 - b. a copy of valid identity card in the form of Resident's identity card (KTP) or passport of the CEO or its official authorized to sign the Agreement and/or covenant (*wa'd*).
- (4) If the Agreement and/or covenant (*wa'd*) is not signed by the CEO, the copy of power of attorney set forth in paragraph (3) letter a must be accompanied with the power of attorney from the CEO to the official authorized to sign the Agreement and/or covenant (*wa'd*).

Article 16

- (1) The Agreement set forth in Article 13 paragraph (1) is signed in 2 (two) counterparts before a Sharia Standing Facilities Participant submits SBIS Repo to Bank Indonesia for the first time.
- (2) The covenant (*wa'd*) set forth in Article 13 paragraph (2) is signed before a Sharia Standing Facilities Participant submits SBSN Repo to Bank Indonesia for the first time.
- (3) A Sharia Standing Facilities Participant must submit any amendment to the Agreement set forth in paragraph (1)

and/or covenant (*wa'd*) set forth in paragraph (2) if any amendment is made to:

- a. the Agreement and/or covenant (*wa'd*);
- b. the Participant's articles of association or regional regulation on the authority of Sharia Standing Facilities Participants to represent them; and/or
- c. the Sharia Standing Facilities Participant's internal regulation on delegation of authority.

Article 17

- (1) The documents set forth in Article 13, Article 14, and Article 15 are submitted with a cover letter addressed to Bank Indonesia:

Bank Indonesia - Monetary Management Department
 Jl. M.H. Thamrin No. 2
 Jakarta 10350

- (2) If the correspondence address set forth in paragraph (1) changes, Bank Indonesia will inform it by letter and/or through any other media.

Article 18

- (1) Bank Indonesia will notify a Sharia Standing Facilities Participant of approval for the submission of:
 - a. The Agreement as a requirement for SBIS Repo submission set forth in Article 13 paragraph (1); and/or
 - b. the covenant (*wa'd*) as a requirement for SBSN Repo set forth in Article 13 paragraph (2).
- (2) The notice set forth in paragraph (1) is submitted in writing by letter or through BI-ETP System.

CHAPTER IV

IMPLEMENTATION OF LENDING FACILITY AND FINANCING FACILITY TRANSACTIONS

Part One
Announcement of Lending Facility and Financing Facility
Transactions

Article 19

- (1) Bank Indonesia will announce Lending Facility and Financing Facility transaction plan through BI-ETP System and/or any other means determined by Bank Indonesia no later than the window time.
- (2) Window time of Lending Facility and Financing Facility transactions starts from 16.00 West Indonesia Time until 18.00 West Indonesia Time or any other time determined by Bank Indonesia.

Article 20

- (1) The announcement of Lending Facility and Financing Facility transaction plan set forth in Article 19 paragraph (1) contains the following information:
 - a. means of transactions;
 - b. window time;
 - c. repo term;
 - d. repo rate, rate of SBIS Repo Fee or SBSN Repo Margin;
 - e. date and time of settlement; and/or
 - f. other information.
- (2) In the event of changes of:
 - a. the window time set forth in paragraph (1) letter b; and/or
 - b. repo rate, rate of SBIS Repo Fee or SBSN Repo Margin set forth in paragraph (1) letter d,
 Bank Indonesia will announce through BI-ETP System and/or any other means determined by Bank Indonesia before the window time.

Part Two
Submission of Lending Facility and Financing Facility
Transactions

Article 21

- (1) A Standing Facilities Participant will submit Lending Facility and Financing Facility transactions to Bank Indonesia through BI-ETP System within the determined window time as set forth in Article 19 paragraph (2).
- (2) Lending Facility and Financing Facility transactions are submitted by specifying the nominal value, type, and series of repurchased securities.

Article 22

- (1) A Sharia Standing Facilities Participant may only submit SBIS Repo in the maximum amount equal to the owned SBIS nominal value within 1 (one) Business Day prior to the SBIS Repo date.
- (2) Bank Indonesia will give SBIS Repo to a Sharia Standing Facilities Participant in the maximum amount equal to the collateralized SBIS nominal value.
- (3) A Standing Facilities Participant may repurchase its SBSN to Bank Indonesia in the maximum amount equal to its SBSN nominal value recorded in the Securities Account.

Article 23

- (1) A Standing Facilities Participant is responsible for the accuracy of data submitted for Lending Facility and Financing Facility transactions to Bank Indonesia.
- (2) A Standing Facilities Participant may not cancel any Lending Facility and Financing Facility transactions, which have been submitted to Bank Indonesia.

Part Three

Announcement of Lending Facility and Financing Facility Transaction Results

Article 24

After the window time set forth in Article 19 paragraph (2) is closed, Bank Indonesia will announce the result of Lending

Facility transactions through BI-ETP System and/or any other means determined by Bank Indonesia under the following provisions:

- a. individually to a Conventional Standing Facilities Participant containing the following information:
 - 1. transaction value received;
 - 2. nominal value;
 - 3. repo rate;
 - 4. repo rate value; and/or
 - 5. other information; and
- b. overall containing the following information:
 - 1. nominal value received;
 - 2. repo rate; and/or
 - 3. other information.

Article 25

After the window time set forth in Article 19 paragraph (2) is closed, Bank Indonesia will announce the result of Financing Facility transactions through BI-ETP System and/or any other means determined by Bank Indonesia under the following provisions:

- a. individually to a Sharia Standing Facilities Participant containing the following information:
 - 1. transaction value received;
 - 2. nominal value;
 - 3. SBIS Repo Fee or value of SBSN Repo Margin;
 - 4. rate of SBIS Repo Fee or SBSN Repo Margin; and/or
 - 5. other information; and
- b. overall containing the following information:
 - 1. nominal value received;
 - 2. rate of SBIS Repo Fee or SBSN Repo Margin; and/or
 - 3. other information.

Part Four

Settlements of First Leg Lending Facility and Financing Facility
Transactions

Article 26

A Standing Facilities Participant must have the type, securities series, and sufficient nominal value in the Securities Account during the settlement of the first leg Lending Facility and Financing Facility transactions.

Article 27

- (1) Bank Indonesia will make same day first leg settlement in the beginning of the pre cut-off period of BI-RTGS System.
- (2) The first leg settlement set forth in paragraph (1) is made through BI-RTGS and BI-SSSS System by gross to gross DVP mechanism.

Article 28

- (1) Securities settlement is made by debiting the Securities Account in an amount equal to the nominal value of repurchased securities.
- (2) Fund Settlement is made by crediting rupiah Checking Account in an amount equal to the first leg settlement value.
- (3) Calculation of the first leg settlement value set forth in Article 26 is further specified in the Regulation of Members of Board of Governors on criteria and requirements for securities in monetary operation.

Article 29

- (1) If a Standing Facilities Participant does not have the type, securities series, and nominal amount in its Securities Account sufficient to perform its settlement obligation resulting in the first leg settlement failure, BI-SSSS will automatically cancel the corresponding Lending Facility or Financing Facility transaction.
- (2) If in a Lending Facility or Financing Facility transaction, more than 1 (one) first leg settlement fails in 1 (one) day, then to calculate the temporary suspension to participate in Monetary Operation activities, the transaction cancellation will be calculated once.

Part Five
Settlements of Second Leg Lending Facility and Financing
Facility Transactions

Article 30

A Standing Facilities Participant must have fund in its rupiah Checking Account sufficient to perform the mandatory second leg settlement of Lending Facility and Financing Facility transaction.

Article 31

- (1) On the due date of the second leg Lending Facility and Financing Facility transaction, BI-SSSS will automatically make the second leg settlement from BI-RTGS System opens until before the cut-off warning period of BI-RTGS System.
- (2) The second leg settlement is made through BI-RTGS and BI-SSSS System by gross to gross DVP mechanism.

Article 32

- (1) Fund Settlement is made by debiting rupiah Checking Account in an amount equal to the second leg settlement value.
- (2) Securities Settlement is made by crediting Securities Account in an amount equal to the nominal value of collateralized and/or repurchased securities.
- (3) Calculation of the second leg settlement value set forth in Article 30 is as specified in the Regulation of Members of Board of Governors on criteria and requirements for securities in monetary operation.

Article 33

- (1) If a Standing Facilities Participant does not have sufficient fund in its rupiah Checking Account to meet the mandatory second leg settlement until before the cut-off warning period of BI-RTGS resulting in the failure of the

second leg settlement, BI-SSSS will automatically cancel the corresponding second leg Lending Facility or Financing Facility transaction.

- (2) In the cancellation set forth in paragraph (1) occurs, in the second leg settlement, Bank Indonesia will debit the rupiah Checking Account in an amount equal to the mandatory payment of repo rate, SBIS Repo Fee, and/or SBSN Repo Margin.
- (3) If in a Lending Facility or Financing Facility transaction, more than 1 (one) second leg settlement fails in 1 (one) day, then to calculate the temporary suspension to participate in Monetary Operation activities, the transaction cancellation will be counted once.

Section Six

Settlements of Second Leg Lending Facility and Financing Facility Transactions

Section 1

Failure of Second Leg Settlements of Lending Facility and Financing Facility Transactions with Securities Issued by Bank Indonesia

Article 34

If a Standing Facilities Participant fails to perform the mandatory second leg settlement of Lending Facility or Financing Facility transaction by using securities in the form of SBI, SBIS, and/or SDBI, Bank Indonesia will do the following:

- a. debit its rupiah Checking Account for settlement:
 1. repo rate for Lending Facility transaction made by using securities in the form of SBI and SDBI; and
 2. SBIS Repo Fee for Financing Facility transactions;
- b. make an early redemption automatically through BI-SSSS against the repurchased SBI, SBIS, and/or SDBI series; and/or

- c. if the early redemption result set forth in letter b is insufficient, Bank Indonesia will debit its rupiah Checking Account in an amount equal to the lacking amount of the Participant's obligation to Bank Indonesia.

Article 35

Calculation of repo rate, SBIS Repo Fee, and early redemption set forth in Article 34 letter a and Article 34 letter b is as specified in the provisions of Bank Indonesia for criteria and requirements for securities in monetary operation.

Article 36

- (1) If Bank Indonesia makes SBIS early redemption as set forth in Article 34 letter b, Bank Indonesia will pay SBIS reward to a Sharia Standing Facilities Participant until the SBIS early redemption date.
- (2) Example of calculation of SBIS reward payment in the early redemption set forth in paragraph (1) is specified in Appendix III, which constitutes an inseparable part of this Regulation of Members of Board of Governors.

Section 2

Failure of Second Leg Settlements of Lending Facility and
Financing Facility Transactions with Securities Issued by the
Government

Article 37

- (1) If a Standing Facilities Participant fails to meet the mandatory second leg settlement of Lending Facility or Financing Facility transaction by using securities in the form of SBN, the transaction will be treated as an outright SBN sale transaction by the Standing Facilities Participant.
- (2) The outright SBN sale transaction set forth in paragraph (1) will only be applied to a Lending Facility or Financing Facility transaction which does not have sufficient fund.

Article 38

Calculation of SBN price in the outright SBN sale transaction set forth in Article 37 paragraph (1) is made under the following provisions:

- a. if SBN price in an outright SBN sale transaction is lower than the SBN price in the first leg transaction less haircut, then its rupiah Checking Account will be debited in an amount equal to the difference, after multiplied by the repurchased SBN nominal value; or
- b. if SBN price in an outright SBN sale transaction is higher than the SBN price in the first leg transaction less haircut, then its rupiah Checking Account will be credited in an amount equal to the difference, after multiplied by the repurchased SBN nominal value and in the maximum amount equal to the haircut determined in the first leg.

Article 39

Calculation of accrued interest or accrued reward in an outright SBN sale transaction set forth in Article 37 paragraph (1) is made under the following provisions:

- a. if Bank Indonesia receives coupon or reward payment after an outright SBN sale transaction, the rupiah Checking Account will be credited in an amount equal to accrued interest or accrued reward from the first leg settlement until the outright SBN sale transaction date;
- b. if coupon or reward payment is made in an outright SBN sale transaction, the rupiah Checking Account will be credited in an amount equal to accrued interest or accrued reward from the first leg settlement until the outright SBN sale transaction date; or
- c. if coupon or reward payment received by Bank Indonesia is made 1 (one) Business Day after the date of an outright SBN sale transaction, the rupiah Checking Account will be debited in an amount equal to the accrued interest or accrued reward paid to the Bank in the first leg plus the accrued interest or accrued reward from the date of the outright purchase transaction until the coupon or reward

payment date within 1 (one) Business Day after the outright SBN sale transaction.

Article 40

Calculation of repo rate or SBSN Repo Margin is as set forth in the provisions of Bank Indonesia for criteria and requirements for securities in monetary operation.

Article 41

- (1) For fulfillment of a Standing Facilities Participant's obligation for settlement of Lending Facility and Financing Facility transactions due resulting from the second leg settlement failure set forth in Article 37 paragraph (1), Bank Indonesia will credit or debit its rupiah Checking Account by calculating:
 - a. accrued interest in an SBN repo period or accrued reward within SBSN Repo period, to which the Standing Facilities Participant is entitled;
 - b. haircut to which a Standing Facilities Participant remains entitled; and
 - c. repo rate or SBSN Repo Margin payable by a Standing Facilities Participant.
- (2) If the second leg settlement fails and reward is received by a Sharia Standing Facilities Participant, Bank Indonesia will calculate the return of reward received by a Sharia Standing Facilities Participant.

CHAPTER V

DEPOSIT FACILITY

Part One

General Principles of Deposit Facility Transactions

Article 42

- (1) The Deposit Facility transaction set forth in Article 3 letter b is made through a Participant's rupiah fund term Standing Facilities with Bank Indonesia.

- (2) The Deposit Facility transaction set forth in paragraph (1) is made under the following conditions:
 - a. is conducted without issuance of securities; and
 - b. may not be traded, may not be collateralized, and may be early liquidated.
- (3) Any Deposit Facility transaction made in adherence to sharia principle will be made in the form of Sharia Bank Indonesia Savings Facility (FASBIS).
- (4) The Deposit Facility transaction made in adherence to sharia principle set forth in paragraph (3) uses *wadi'ah* or deposit covenant.

Article 43

- (1) A conventional Deposit Facility transaction is made in discount system at a discount rate in an amount equal to the Deposit Facility rate determined by Bank Indonesia.
- (2) The discount rate of Deposit Facility transaction made in a conventional manner is calculated as follows:

$$\text{Discount value} = \text{nominal value} - \text{cash value}$$

$$\text{Nilai Tunai} = \frac{\text{Nilai Nominal} \times 360}{360 + (\text{Tingkat Diskonto} \times \text{Jangka Waktu})}$$

Article 44

- (1) Bank Indonesia will give reward for any Deposit Facility transaction made in adherence to sharia principle.
- (2) The reward rate in a Deposit Facility transaction made in adherence to sharia principle set forth in paragraph (1) refers to the discount rate of Deposit Facility in a conventional manner.
- (3) The reward set forth in paragraph (1) will be given on a transaction's due date by crediting rupiah Checking Account with the following calculation:

$$\text{Imbalan} = \text{nilai nominal} \times \frac{\text{jangka waktu}}{360} \times \text{tingkat imbalan}$$

Part Two

Announcement of Deposit Facility Transaction Implementation

Article 45

- (1) Bank Indonesia will announce the implementation plan of Deposit Facility through BI-ETP System and/or any other means determined by Bank Indonesia no later than the window time.
- (2) Window time of Deposit Facility transactions starts from 16.00 West Indonesia Time until 17.30 West Indonesia Time or any other time determined by Bank Indonesia.

Article 46

- (1) The announcement of Deposit Facility transaction plan set forth in Article 45 paragraph (1) contains the following information:
 - a. means of transactions;
 - b. window time;
 - c. period;
 - d. discount rate or reward rate;
 - e. date and time of settlement; and/or
 - f. other information.
- (2) In the event of changes of:
 - a. the window time set forth in paragraph (1) letter b; and/or
 - b. discount rate or reward rate of Deposit Facility transaction set forth in paragraph (1) letter d,
 Bank Indonesia will announce through BI-ETP System and/or any other means determined by Bank Indonesia before the window time.

Part Three

Submission of Deposit Facility Transaction

Article 47

- (1) A Standing Facilities Participant will submit Deposit Facility through BI-ETP System within the determined window time as set forth in Article 45 paragraph (2).
- (2) A Deposit Facility transaction is submitted by specifying the transaction's nominal value proposed to Bank Indonesia.
- (3) The nominal value of each Deposit Facility transaction submission is at least Rp1,000,000,000.00 (one billion rupiah) and further at the multiple of Rp100.000.000,00 (one hundred million rupiah).

Article 48

- (1) A Standing Facilities Participant is responsible for the accuracy of data submitted for Deposit Facility transactions to Bank Indonesia.
- (2) A Standing Facilities Participant may not cancel any Deposit Facility transactions, which have been submitted to Bank Indonesia.

Part Four

Announcement of Deposit Facility Transaction Result

Article 49

After the window time set forth in Article 45 paragraph (2) is closed, Bank Indonesia will announce the result of conventional Deposit Facility transactions through BI-ETP System and/or any other means determined by Bank Indonesia under the following provisions:

- a. individually to a Conventional Standing Facilities Participant containing the following information:
 1. nominal value;
 2. cash value;
 3. discount;
 4. discount rate; and/or
 5. other information; and
- b. overall containing the following information:

1. nominal value;
2. discount rate; and/or
3. other information.

Article 50

After the window time set forth in Article 45 paragraph (2) is closed, Bank Indonesia will announce the result of sharia Deposit Facility transactions through BI-ETP System and/or any other means determined by Bank Indonesia under the following provisions:

- a. individually to a Sharia Standing Facilities Participant containing the following information:
 1. cash value;
 2. nominal value;
 3. reward;
 4. reward rate; and/or
 5. other information; and
- b. overall containing the following information:
 1. nominal value;
 2. reward rate; and/or
 3. other information.

Part Five

Settlement of Deposit Facility Transaction

Article 51

A Standing Facilities Participant must have fund in its rupiah Checking Account sufficient to perform the mandatory settlement of Deposit Facility transactions.

Article 52

- (1) Bank Indonesia will make same day settlement of Deposit Facility in the beginning of the pre cut-off period of BI-RTGS System.
- (2) The second leg settlement of Deposit Facility transaction is made through BI-RTGS System by gross to gross DVP mechanism.

Article 53

- (1) The Deposit Facility transaction settlement set forth in Article 51 is made by debiting rupiah Checking Account in an amount equal to:
 - a. the cash value of a Deposit Facility transaction made in a conventional manner; and/or
 - b. the nominal value of a Deposit Facility transaction made in adherence to sharia principle.
- (2) The cash value of a conventional Deposit Facility transaction set forth in paragraph (1) letter a is calculated as follows:

$$\text{Nilai Tunai} = \frac{\text{Nilai Nominal} \times 360}{360 + (\text{Tingkat Diskonto} \times \text{Jangka Waktu})}$$

Article 54

- (1) If a Standing Facilities Participant does not have fund in its rupiah Checking Account sufficient to meet mandatory settlement of Deposit Facility transaction, resulting in settlement failure, BI-SSSS will automatically cancel the Deposit Facility Transaction.
- (2) If in a Deposit Facility transaction, more than 1 (one) second leg settlement fails in 1 (one) day, then to calculate the temporary suspension to participate in Monetary Operation activities, the transaction cancellation will be counted once.

Section Six

Settlement of Due Deposit Facility

Article 55

- (1) On the due date of a Deposit Facility transaction, the transaction's settlement will be made from the BI-RTGS opens until before the cut-off warning period of BI-RTGS System.

- (2) Bank Indonesia will settle the Deposit Facility transaction on the due date set forth in paragraph (1) in the following amount:
 - a. the nominal value of a Deposit Facility transaction made in a conventional manner; and/or
 - b. the nominal and reward value of a Deposit Facility transaction made in adherence to sharia principle.
 by crediting rupiah Checking Account.

CHAPTER VI
CHANGE OF SETTLEMENT DATES OF STANDING FACILITIES
TRANSACTIONS ON HOLIDAYS

Article 56

- (1) If after a transaction, the due date of Standing Facilities is determined as a holiday by the government, settlement will be made on the following Business Day.
- (2) The settlement set forth in paragraph (1) is made without calculating additional repo rate, SBIS Repo Fee, SBSN Repo Margin, discount, and/or reward for additional term for Standing Facilities transaction.

CHAPTER VII
IMPLEMENTATION OF STANDING FACILITIES IN ABNORMAL
AND/OR EMERGENCY SITUATIONS

Article 57

If an abnormal situation occurs affecting smooth implementation of Standing Facilities transaction and/or settlement, the procedure for mitigating such abnormal and/or emergency situation refers to the provisions of Bank Indonesia on implementation of BI-ETP System, implementation of securities administration through BI-SSSS and/or implementation of outright fund settlement through BI-RTGS System.

CHAPTER VIII
PROCEDURE FOR SANCTION IMPOSITION

Article 58

- (1) A Standing Facilities Participant who fails to perform its obligation when the settlement is made resulting in a transaction settlement set forth in Article 29 paragraph (1), Article 33 paragraph (1), and/or Article 54 paragraph (1), will be imposed with the following sanctions:
 - a. written admonition; and
 - b. payment obligation of 0.01% (zero point zero one percent) of the value of the Standing Facilities transaction value being declared canceled, at the minimum amount of Rp10,000,000.00 (ten million rupiah) and the maximum of Rp100,000,000.00 (one hundred million rupiah).
- (2) If a transaction has the second leg, the canceled transaction value set forth in paragraph (1) letter b, namely the transaction value in the first leg.
- (3) Bank Indonesia will send a written admonition set forth in paragraph (1) letter a to a Standing Facilities Participant within 1 (one) Business Day after transaction cancellation, the copy of which will be sent to the Financial Services Authority.
- (4) The payment obligation sanction set forth in paragraph (1) letter b will be imposed by debiting the rupiah Checking Account within 1 (one) Business Day after the transaction cancellation.

Article 59

- (1) If canceled transactions are made for three times within 6 (six) months, in addition to the sanctions set forth in Article 58 paragraph (1), a Standing Facilities Participant will also be imposed with temporary suspension to participate in Monetary Operation activities for 5 (five) consecutive Business Days.

- (2) The sanction in the form of temporary suspension set forth in paragraph (1) will not apply to Lending Facility or Financing Facility transactions made by a Standing Facilities Participant coming from outstanding intraday liquidity facility transactions specified in the provisions for procedure for use of intraday liquidity facility.
- (3) The temporary suspension to participate in Monetary Operation activities set forth in paragraph (1) is enforced starting from 1 (one) Business Day upon obtaining information on Monetary Operation transaction cancellation for the third time.
- (4) Example of temporary suspension imposition to participate in Monetary Operation activities is specified in Appendix IV, which constitutes an inseparable part of this Regulation of Members of Board of Governors.

Article 60

- (1) If a Financing Facility transaction is canceled as set forth in Article 33 paragraph (1) using securities in the form of SBSN at SBSN price in the second leg lower than the SBSN price in the first leg, in addition to the sanction imposed as set forth in Article 58 paragraph (1) and/or Article 59 paragraph (1), a Sharia Standing Facilities Participant will be imposed with an additional sanction in the form of payment obligation in an amount equal to the difference between the price in the first leg transaction and the price in the second leg transaction after multiplied by the nominal value of the repurchased SBSN.
- (2) The payment obligation sanction set forth in paragraph (1) will be imposed by debiting the rupiah Checking Account within 1 (one) Business Day after the transaction cancellation.

CHAPTER X

CLOSING PROVISIONS

Article 61

On the enforcement of this Bank Indonesia Regulation:

- a. Bank Indonesia Circular Number 18/30/DPM dated 29 November 2016 on Standing Facilities;
- b. Bank Indonesia Circular Number 17/42/DPM dated 16 November 2015 on Procedure for Transactions of Repurchase Agreements on Sovereign Sharia Securities with Bank Indonesia for Sharia Standing Facilities,
- c. Bank Indonesia Circular Number 17/43/DPM dated 16 November 2015 on Procedure for Transactions of Sharia Bank Indonesia Savings Facility in Rupiah; and
- d. Bank Indonesia Circular Number 17/45/DPM dated 16 November 2015 on Procedure for Transactions of Repurchase Agreements on Sharia Bank Indonesia Certificate with Bank Indonesia for Sharia Standing Facilities.

are repealed and declared null and void.

Article 62

This Regulation starts to take effect as from its issuance date.

For public recognition, it is hereby ordered this Regulation be promulgated in the Official Gazette of the Republic of Indonesia.

Established in Jakarta
on

MEMBER OF BOARD OF GOVERNORS,

ERWIN RIJANTO

ELUCIDATION
ON
REGULATION OF MEMBERS OF BOARD OF GOVERNORS
NUMBER 20/9/PADG/2018
ON
STANDING FACILITIES

I. GENERAL

In Article 7 of Law Number 23 of 1999 on Bank Indonesia as last amended by Law Number 6 of 2009 on Establishment of Government Regulation in Lieu of Law Number 2 of 2008 on the Second Amendment to Law Number 23 of 1999 on Bank Indonesia as a Law, it is evidently specified that the objective of Bank Indonesia is to achieve and maintain rupiah stability.

To reach the objective and face macroeconomic challenges, Bank Indonesia conducts monetary control through implementation of Monetary Operation. Monetary Operation is conducted among others through Standing Facilities in a conventional manner or in adherence to sharia principle.

II. ARTICLE BY ARTICLE

Article 1

Self-explanatory

Article 2

“Liquidity injection” means Bank's liquidity increase in rupiah through Monetary Operation activities.

“Liquidity absorption” means Bank's liquidity decrease in rupiah through Monetary Operation activities.

Article 3

Self-explanatory

Article 4

Letter a

Self-explanatory

Letter b

Non-tender mechanism in Standing Facilities is implemented bilaterally between Bank Indonesia and a Standing Facilities Participant.

Letter c

Self-explanatory

Letter d

Self-explanatory

Letter e

Self-explanatory

Letter f

Self-explanatory

Article 5

Paragraph (1)

Self-explanatory

Paragraph (2)

“Sell and buyback principle” means a principle in repo transaction with transfer of Securities ownership.

Paragraph (3)

Self-explanatory

Article 6

Self-explanatory

Article 7

Self-explanatory

Article 8

Letter a

“Collateralized borrowing principle” means a principle in repo transaction without transfer of Securities ownership.

Letter b

“Sell and buyback principle” means a principle in repo transaction with transfer of Securities ownership.

Article 9

Self-explanatory

Article 10

Self-explanatory

Article 11

“*Qard*” means interest free borrowing where the borrower must repay the principal at once within a certain period.

“*Rahn*” means collateral put up by a Sharia Standing Facilities Participant (*rahin*) to Bank Indonesia (*murtahin*) as security for obtaining *qard*.

Article 12

Self-explanatory

Article 13

Self-explanatory

Article 14

Paragraph (1)

Letter a

Self-explanatory

Letter b

Item 1

Self-explanatory

Item 2

If an Agreement and/or covenant (*wa'd*) is not signed by a CEO, a power of attorney from the headquarter of a Sharia Standing Facilities Participant must set forth the CEO's right to assign his/her authority or substitution right.

Letter c

Self-explanatory

Paragraph (2)

Self-explanatory

Paragraph (3)

Self-explanatory

Article 15

Self-explanatory

Article 16

Paragraph (1)

Self-explanatory

Paragraph (2)

Covenant (*wa'd*) for SBSN Repo application by a Sharia Standing Facilities Participant to Bank Indonesia applies to SBSN repo transaction in Financing Facility and SBSN repo in sharia open market operation as set forth in the provisions of Bank Indonesia for implementation of open market operation.

Paragraph (3)

Self-explanatory

Article 17

Self-explanatory

Article 18

Self-explanatory

Article 19

Self-explanatory

Article 20
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Article 21
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Article 50
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Article 51
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Article 52
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Article 53
Self-explanatory

Article 54
Self-explanatory

Article 55
Self-explanatory

Article 56
Self-explanatory

Article 57
“Abnormal condition” is a situation or circumstance occurring owing to any failure of or damage to the hardware, software, communication network, application, and supporting facilities affecting smooth implementation of BI-ETP, BI-SSSS, and/or BI-RTGS.

Article 58
Self-explanatory

Article 59
Self-explanatory

Article 60
Self-explanatory

Article 61
Self-explanatory

Article 62
Self-explanatory